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Letter No. 2259

April 24, 1986

SOVIET SEEDING AHEAD OF LAST YEAR The spring seeding in the Soviet is well ahead of the 1985 pace, but behind other recent years, according to the U.S. Department of Agriculture. As of April 14, some 17.8 million hectares (44 million acres) of spring crops had been seeded, including 9.4 million (24 million acres) of small grains and pulses. The winter crops are developing 15 to 20 ahead of normal in the Ukraine and North Caucasus.

SALES TO USSR

Private exporters reported to the U.S. Department of Agriculture the sales of 200,000 metric tons of corn for delivery to the USSR. These sales are for delivery during the 1985-86 marketing year and are under the third year of the Long Term Grain Supply Agreement.

ARGENTINA CORN SALES Argentina's aggressive program to market its record 1985/86 corn export availabilities of 9.5 million tons continues to displace U.S. corn exports to traditional U.S. markets, according to the U.S. Department of Agriculture. Due to an apparent lack of Soviet corn purchases, Argentina continues to seek new outlets and recently made unprecedented corn sales to Korea.

LARGEST CHANGE IN U.S. WHEAT EXPORTS U.S. wheat exports fell 17.4 million tons in volume in 1985 to 24.8 million tons, as importers either increased their own wheat production or switched some of their purchases to competing exporters. According to the U.S. Department of Agriculture, wheat exports dropped 44 pct. in value, or \$2.9 billion, as lower prices and volume took their toll. The largest decline came as a much improved Soviet crop reduced U.S. wheat exports to the Soviet from 6.6 million tons to 1.1 million tons.

VACCINE SALES RESUME

The U.S. Department of Agriculture on April 22 released a document detailing the scientific review and safety of a genetically altered vaccine to protect pigs from pseudorabies. The manufacturer of the vaccine, who voluntarily suspended sales pending documentation of the review process, resumed sales on April 23. The document shows pigs vaccinated with the new vaccine will not be harmed, the vaccine will not spread pseudorabies to non-vaccinated pigs, the vaccine will not affect non-target species and will not spread into the environment.

FEED GRAINS TO KOREA The European Community recently sold an additional 50,000 metric tons of feed wheat to Korea. The entry of EC feed wheat into the Korean market apparently has prompted a downward spiral in the price of imported feed grains, leading to a dramatic decline in the U.S. share of Korea's feed grain imports. According to the U.S. Department of Agriculture, as a result of uncompetitive U.S. prices, the U.S. share of the Korean feed grain market stands at 16 pct. for the first several months of 1986, down sharply from 99 pct. in 1982.

CONSERVATION
RESERVE SIGNUP:
MAY 5 - 16

Farmers who want to bid to enter their highly erodible cropland into the U.S. Department of Agriculture's conservation reserve program may do so during the second signup period, May 5-16. According to Sec'y of Agriculture Richard Lyng, producers will be offered the option to bid for a conservation reserve program contract beginning with either the 1986 or 1987 crop year. The only acreage limitation that applies for the second signup is that a maximum of 25 pct. of the cropland in a county may be entered into the program.

X MARKS THE SPOT

Under Sec'y of Agriculture <u>Daniel Amstutz</u>, announced changes in branding instructions under the dairy buyout program. The amended branding instructions will allow producers to choose freeze branding as an alternative. The producer cannot be required to use hot-iron branding. However, if hot-iron branding is chosen, it is strongly recommended that an electrical thermostatically-controlled branding iron be used. This will provide uniform heat and will result in a better brand with less chance of accidental injury to the dairy cattle. It's further suggested that the area to be branded be desensitized in some manner. A veterinarian should be consulted.

FUEL LOWERING COSTS About 5 pct. of last year's farm production expenses—or \$7 billion—went for fuel and oil, according to the U.S. Department of Agriculture. If prices paid for gasoline and diesel fuel in 1986 average 20 to 30 pct. below 1985, the direct cut in farmers' fuel costs could be \$1 to \$2 billion.

BALANCING PRODUCTION AND COSTS

The combined world supplies of wheat, coarse grains, rice and soybeans are forecast by the U.S. Department of Agriculture to exceed the quantities consumed during 1985/86 by approximately 20. pct. Supplies a year ago were 16 pct. greater than consumption. One benefit of the abundant world supplies is that lower feed prices are reducing the U.S. livestock industry's cash costs. At the same time, the drop in oil price is easing cash production costs on farms. Consequently, net farm income may remain near the 1985 record high in 1986.

UPS & DOWNS OF FARM PRICES Farm prices for feed grains, wheat, and soybeans are 5 to 15 pct. lower than last season, according to the U.S. Department of Agriculture. Feed accounted for about 20 pct. of total cash costs in producing fed cattle last year. The grain price declines will allow cattle feeders to pay higher prices for feed steers this year, but will still reduce cash costs for producing fed cattle. The lower grain prices are having a greater effect on the hog, dairy and poultry industries, since feed concentrates account for a greater share of their cash costs.

FROM OUR
TELEVISION
SERVICE

U.S. AND EC TRADE ISSUES...Sec'y of Agric. Richard Lyng recently held a news briefing in Washington, D.C., where he talked about his recent trip to Europe and issues discussed there, including the European Community's recent actions involving Portugal and Spain that limit U.S. exports to these nations. Vic.Powell interviews. (171)

CURRENT AGRICULTURAL OUTLOOK... Abundant grain supplies are reducing costs for the livestock industry, while the decline in oil prices is lowering production costs on farms. USDA economist Herb Moses talks about these and other factors contributing to the current agricultural outlook. Vic Powell interviews. (172)

HEPTACHLOR INDEMNITY PAYMENTS...The U.S. Department of Agriculture recently announced that dairy farmers facing losses from heptachlor contaminated feed may soon be eligible for indemnity payments. Earle Bedenbaugh with USDA's Agri. Stab. and Cons. Serv. comments on the heptachlor problem and its impact on farmers. DeBoria Janifer interviews. (173)

AGRICULTURAL FUTURES MARKETS... Phil Garcia, Univ. of Illinois, focuses on why agricultural futures markets are important to farmers and other market participants in generating pricing information and presenting opportunities for forward pricing. Gary Beaumont interviews. (174)

ARS RESEARCH REPORTS...Agricultural research scientists are developing new varieties of lettuce through the Lettuce Germplasm Collection in Salinas, Calif.; and are studing a new range improvement machine to improve surface conditions on valuable farmland in Miles City, Mont. Will Pemble reports. (175)



FROM OUR RADIO SERVICE

AGRICULTURE USA #1508...(Weekly 13½ min documentary) This is part two of a two part look at the woes of the Florida citrus industry. This time Brenda Curtis explores the aftermath of the Citrus Canker disease that hit Florida in 1984.

AGRITAPE/FARM PROGRAM REPORT #1497...(Weekly reel of news features) USDA news highlights; The freeze and its aftermath; The canker; Don't store winter fuel in warm weather.

CONSUMER TIME #990...(Weekly reel of 2½-3 min features) Aspirin and working out; Protecting your child from electrical shock; Color moods; Bulk foods; Blood cholesterol and your diet.

USDA RADIO NEWS SERVICE...Mon, May 5, Dairy products report; Tues, May 6, Weekly weather and crop outlook; Fri, May 9, Crop production report; World ag. supply and demand. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Rick Halmes is back in the farm broadcaster saddle again. He's the new farm broadcaster at KEIN, Great Falls, Mont, and has been on the job since the first of March ... Another Rick, this time Rick Hazen has a new job, too. He's leaving KCOW, Alliance, Neb., to be news director at WLTN, Littleton, New Hampshire. Pete Hunsinger replaces Rick at KCOW ... Congratulations are in order for a first time poppa. He's Max Armstrong (WGN, Chicago, Ill.) Max and spouse Linda are the proud parents of Kristi Nicole born April 18 ... Herb Plambeck (Des Moines, Iowa) checked in after returning from a five country trip with a group of 38. Herb reports they visited Ecuador, Peru, Paraguay, Argentina and Brazil. Farmers in the latter two countries, Herb said, aren't making money either. Incidentally, it looks like the annual NAFB Farm-City Week public service announcement project will be in good hands again. Herb has agreed to be involved again...and we think that means the chairmanship, but we're waiting for confirmation ... Our Gary Crawford (USDA Radio) has been starring in the musical "Two by Two" in Manassas, Virginia. The Prince Williams Little Theatre group enticed Gary to try out and he wowed them with his talent, even though he's never acted in a play or a musical ... Latest newsletter to hit our desk is the ANN Farm Digest (ANN standing for Agricultural News Network, Neillsville, Wis. Our thanks to Bob Zank for adding us to his mailing list. Incidentally, his closing thought in the news letter was: "To err is human, but to really screw up takes a computer." (Attributed to the infamous "Anonymous") ... Speaking of our closing line, here's ours, courtesy of Johnny Martin (Ohio Farm Bureau, Columbus: "My cow just died, so I don't need your bull!"

JAMES L. JOHNSON, Chief

Radio and Television Division

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